

## Wage and Hour Division, Labor

## § 779.16

the Act “means produced, manufactured, mined, handled, or in any other manner worked on in any State; and for the purposes of this Act an employee shall be deemed to have been engaged in the production of goods if such employee was employed in producing, manufacturing, mining, handling, transporting, or in any other manner working on such goods, or in any closely related process or occupation directly essential to the production thereof, in any State.” (For the definition of “State,” see § 779.16.)

### § 779.14 Goods.

The definition in section 3(i) of the Act states that *goods*, as used in the Act, means “goods (including ships and marine equipment), wares, products, commodities, merchandise, or articles or subjects of commerce of any character, or any part or ingredient thereof, but does not include goods after their delivery into the actual physical possession of the ultimate consumer thereof other than a producer, manufacturer, or processor thereof.” The interpretative bulletin on general coverage of the Act, part 776 of this chapter, contains a detailed discussion of the application of this definition and what is included in it.

### § 779.15 Sale and resale.

(a) Section 3(k) of the Act provides that “Sale” or “sell”, as used in the Act, “includes any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition.” Since “goods”, as defined, includes any part or ingredient of goods (see § 779.14), a “resale” of goods includes their sale in a different form than when first purchased or sold, such as the sale of goods of which they have become a component part (*Arnold v. Kanowsky*, 361 U.S. 388). The Act, in section 3(n), provides one exception to this rule by declaring that “resale”, as used in the Act, “shall not include the sale of goods to be used in residential or farm building construction, repair, or maintenance: *Provided*, That the sale is recognized as a bona fide retail sale in the industry.” A resale of goods is not confined to resale of the goods as such, but under section 3(k) may include an “other disposition” of the

goods in which they are disposed of in a transaction of a different kind; thus the sale by a restaurant to an airline of prepared meals to be served in flight to passengers whose tickets entitle them to a “complimentary” meal is a sale of goods “for resale”. (*Mitchell v. Sherry Corine Corp.*, 264 F 2d 831 (C.A. 4), cert. denied 360 U.S. 934.)

(b) In construing section 3(s)(1) of the Act as it was prior to the 1966 amendments it should be noted that section 3(n) of the prior Act defined “resale” by declaring that this term, “except as used in subsection (s)(1), shall not include the sale of goods to be used in residential or farm building construction, repair, or maintenance: *Provided*, That the sale is recognized as a bona fide retail sale in the industry.” Thus, although section 3(n) of the prior Act also provided the one exception to the meaning of “resale”, it made clear that the exception was inapplicable in determining under section 3(s)(1) of the prior Act, “if such enterprise purchases or receives goods for resale that move or have moved across State lines (not in deliveries from the reselling establishment) which amount in total volume to \$250,000 or more”. The application of the inflow test under section 3(s) (1) of the prior Act is discussed fully in subpart C of this part.

### § 779.16 State.

As used in the Act, *State* means “any State of the United States or the District of Columbia or any Territory or possession of the United States” (Act, section 3(c)). The application of this definition in determining questions of coverage under the Act’s definition of “commerce” and “produced” (see §§ 779.12, 779.13) is discussed in the interpretative bulletin on general coverage, part 776 of this chapter. This definition is also important in determining whether goods “for resale” purchased or received by an enterprise move or have moved across State lines within the meaning of former section 3(s)(1) of the Act (prior to the 1966 amendments) and whether sales of goods or services are “made within the State” within the meaning of the retail or service establishment exemption in section 13(a)(2), as discussed in subpart D of this part.